

## Message Text

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PAGE 01 WELLIN 02283 290211Z

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ACTION EA-14

INFO OCT-01 ADP-00 CIAE-00 COME-00 EB-11 INR-10 LAB-06

NSAE-00 RSC-01 SIL-01 PA-03 PRS-01 USIA-15 OMB-01

RSR-01 /065 W

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R 280115Z AUG 73

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 7071

INFO AMEMBASSY CANBERRA

LIMITED OFFICIAL USE WELLINGTON 2283

E.O. 11652: N/A

TAGS: PINT, NZ, ELAB

SUBJECT: JURISDICTIONAL DISPUTE TIES UP PULP AND PAPER  
PRODUCTION

1. JURISDICTIONAL DISPUTE BETWEEN ENGINEERS (MECHANICS)  
AND ELECTRICAL TRADES UNIONS HAS HALTED PRODUCTION AT  
TASMAN PULP AND PAPER CO. DISPUTE, ON AGAIN OFF AGAIN  
AFFAIR FOR PAST EIGHT MONTHS, CENTERS ON DISAGREEMENT  
OVER WHICH UNION HAS JURISDICTION IN PLANT'S INSTRUMENT  
REPAIR SHOP WHICH EMPLOYS FOUR ELECTRICIANS AND SIXTY  
ENGINEERS. ARBITRATION COURT DECISION LAST DECEMBER  
HELD THAT COMPANY HAD RIGHT TO EMPLOY TRADESMEN FROM  
EITHER UNION IN SHOP AND THAT EMPLOYEES HAD RIGHT TO  
RETAIN AFFILIATION WITH EITHER UNION. PRESENT PROBLEM  
ARISES OUT OF ENGINEER'S REFUSAL WORK WHEN ELECTRICIANS  
ON JOB. PLANT, WHICH EMPLOYS 1,850 EFFECTIVELY CLOSED  
DOWN SINCE AUG 24 AS ENGINEERS REFUSED TO SERVICE DOWN  
EQUIPMENT.

2. GNZ JAW BONING EFFECTS TO GET ENGINEERS BACK TO WORK  
WHILE ACCEPTABLE SOLUTION WORKED OUT HAVE HAD NO  
SUCCESS. FOLLOWING REQUEST BY FOL AUG 28 MINLABOR  
AGAIN APPEALED TO ENGINEERS TO GO BACK TO WORK.

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PAGE 02 WELLIN 02283 290211Z

SECLABOR ESTIMATES THAT THERE IS 50-50 CHANCE ENGINEERS

WILL RETURN. TASMAN INDUSTRIAL RELATIONS OFFICER, HOWEVER, IS MUCH MORE PESSIMISTIC. ENGINEERS SCHEDULED MEET AND VOTE ON PROPOSAL TODAY.

3. STRIKE AND CLOSING OF PLANT PUTTING HEAVY PRESSURES ON GNZ AND FOL. LOCAL PLANT COMMITTEE OF ENGINEERS UNION ACTING INDEPENDENTLY AND HAS PROVED ADAMANT IN REFUSING ACCEPT DIRECTION FROM NATIONAL UNION. FOL UNABLE MAKE POSITIVE CONTRIBUTION TO SETTLING PROBLEM. FEDERATION'S REQUEST THAT MINLABOR APPEAL TO ENGINEERS TO RETURN TO WORK PUTS BALL BACK IN GNZ COURT AND EFFECTIVELY DEMONSTRATES FOL'S WEAKNESS IN DEALING WITH RECALCITRANT LOCAL UNION.

4. FOR GNZ CONTINUATION OF WALKOUT PRESENTS BOTH POLITICAL AND ECONOMIC DIFFICULTIES. TASMAN SALES AMOUNTED TO \$64,000,000 IN 1972 INCLUDING \$13,000,000 IN EXPORTS. (ABOUT 1 PERCENT NZ EXPORTS) SHORTAGE OF NEWSPRINT ALREADY EVIDENT LOCALLY AND NEWSPAPERS CUTTING NEWS AND ADVERTISING CONTENT. ADDITION OF TASMAN'S 1850 WORKERS TO UNEMPLOYMENT ROLLS WILL NEARLY DOUBLE NUMBER PRESENTLY RECEIVING BENEFITS. LABOUR GOVERNMENTS INABILITY DEAL WITH MILITANT UNIONS NOW OBVIOUS TO ALL. FOLLOWING 8.5 PERCENT GENERAL WAGE ORDER AND PROBLEMS WITH ENNA G, MAJOR QUESTION FOR MANY PEOPLE IS WHETHER GNZ OR FOL IS RUNNING COUNTRY.

5. COMMENT: TASMAN CASE IS PRESENT INSTALLMENT IN NEARLY CONSTANT SERIES OF INDUSTRIAL PROBLEMS SINCE LABOUR GOVT TOOK OFFICE. WHILE IT NOT LIKELY TO BE THE LAST, TASMAN MAY WELL RESULT IN GOVT'S TAKING HARDER LINES WITH UNIONS. THIS, HOWEVER, CAN ONLY BE DONE THROUGH FOL, AND FOL PRESIDENT SKINNER HAS LITTLE INFLUENCE ON MILITANT LOCALS WHICH ARE CAUSING MOST DIFFICULTIES. HE ALSO APPEARS UNWILLING MAKE ANY REAL ATTEMPT ASSERT AUTHORITY. UNLESS AND UNTIL HE DOES MAKE MOVE, IT IS DIFFICULT TO FORESEE END OF INDUSTRIAL UNREST.

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